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Nation's Restaurant News®

The Weekly Newspaper of the Food-Service Industry

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# Fine-dining operators shift from chic to casual

## *Ultra-priced menus meet resistance*

By Richard Martin

Exclusive restaurants and high-priced chefs are adopting more casual, new identities as they scurry to "go down-market" in pursuit of disaffected, price-sensitive gourmets.

As customer traffic ebbs at many of the nation's priciest dining establishments, prominent restaurateurs in major markets across the country are remodeling, downpricing, and renaming their businesses to cultivate greater frequency of patronage.

"I have to make myself less expensive," explained Ken Frank, chef-owner of the critically acclaimed La Toque in Los Angeles.

Abandoning his protracted battle for a viable share of the city's ultrahigh-end market, Frank plans to cut his $75-per-person tabs nearly in half this summer when the swank La Toque is reborn in a more casual format.

The revamped, renamed restaurant will be geared to-

(See **UPSCALE**, page 232)

**Myers makes exodus from haute to humble**

Former manager of the posh Ritz Cafe changes priorities, opens food stands.

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# Pioneer of the Year: Rosenberg

## *Founded Dunkin' Donuts chain*

By Charles Bernstein

BOCA RATON, Fla. — William Rosenberg, a colorful entrepreneur with an eighth-grade education, who founded Dunkin' Donuts in 1950 and built it into a leading chain before turning over the reins to his son in the early 1970s, has been named the 1988 winner of Nation's Restaurant News' annual Pioneer award.

MUFSO '88

Rosenberg, who resides here, will receive the coveted award at NRN's annual Multi Unit Food Service Operators conference banquet at the Washington, D.C., Hilton on Tuesday evening, Oct. 4. He will be honored in other festivities throughout the Oct. 2-5 conference.

Rosenberg

"My father did so much for Dunkin' Donuts, for franchising in general, and for the food-service industry that he deserves this award more than anyone," declared his son, Robert Rosenberg, longtime chairman and chief executive of the Randolph, Mass.-based chain and a Harvard M.B.A. who appreciates his father's common-sense approaches and entrepreneurial flair.

With the son building from a foundation set by his father, Dunkin' Donuts has gradually expanded its menu with soup and baked goods, essentially offering a minimeal, and it is by far the leader of its segment with some 1,720 units doing $800 million annual sales in North America and 14 other countries

(See **ROSENBERG**, page 232)

# Sailhac quits '21', 3rd exit in month

Sailhac

By Joe Edwards

NEW YORK — Superstar chef Alain Sailhac has quit as executive chef of The "21" Club, the third top kitchen man to leave the famed but beleaguered midtown restaurant in the last month.

Sailhac will be replaced by Daniel T. Bruce, the restaurant's first sous chef and the former chief saucier at Le Cirque.

Sailhac follows chef de cuisine Geoffrey Zakarian and pastry chef Jose Jensen out the polished brass doors of the 58-year-old former speakeasy.

Zakarian is taking over the Maxwell's Plum kitchen from Kathy Casey, and Jensen is baking desserts at

(See **SAILHAC**, page 232)

## FOOD WATCH

### *Asparagus tricks*

NEW YORK — Chef André Grillou is still pulling more asparagus recipes out of his deft hat at George Lang's Café des Artistes restaurant here.

The latest dish being tried on Lang's extensive asparagus menu is gnocchi wrapped with four staiks of the cold, green vegetable. Eschewing test kitchens in favor of his own gut feel, Lang decided to roll out the new item after a group of food-service mavens lunching at the Café challenged him to come up with yet another asparagus combination. Chef Grillou instantly cooked up the gnocchi-asparagus formula.

The concoction joins the four other items that can be wrapped with four pieces of cold asparagus, each for $18.50—San Pietro prosciutto, bresaola, gravlax, and smoked salmon. Lang is so fond of asparagus, in fact, that he uses the green stalk as his company's logo.

## GLOBAL REPORT

*HAMBURG, West Germany — Restaurants come and go with alarming regularity. The saturation problem is overwhelming and astronomical land costs curb both the size and volume of restaurants.*

By Charles Bernstein
Page F51

*UDINE, Italy — When more than 50 American restaurant and food experts sampled the foods of Friuli, they sampled unusual dishes, which could show up on trendy menus in United States restaurants in the coming year.*

By Joe Edwards
Page F63

*BRIDGETOWN, Barbados — A temporary madness grips this tranquil tropical island when local restaurateurs and hoteliers open their doors to an international panel of cold-eyed inspectors.*

By Tracey Taylor Woodard
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Vol. 22, No. 21 May 23, 1988

## NEWS DIGEST

# Ore. operators seek curb on hepatitis disclosures

PORTLAND, Ore. — Oregon restaurateurs are urging state health officials not to publicize the names of restaurants employing food handlers diagnosed with hepatitis A except in cases where other employees or customers become infected.

Until recently, state health division officials withheld the names of restaurants with employees diagnosed with hepatitis A unless secondary cases were reported or a serious hygiene and sanitation problem was found. State officials said they changed the policy because since January the number of secondary cases related to food handlers has quadrupled.

In response to the new disclosure policy and the rising number of hepatitis cases in Oregon, restaurant operators have acted to limit their liability by removing salad bars and having employees rinse their hands in a bleach solution.

# Godfather's management seeks leveraged buyout

OMAHA, Neb. — Godfather's Pizza president Herman Cain and executive vice president Ron Gartlan are spearheading an attempt by management to buy the 600-unit chain from Pillsbury Co., a Godfather's spokesman confirmed.

"Negotiations are continuing," he said.

Meanwhile, the bidding for Quik Wok, another Pillsbury fast-food holding earmarked for divestiture, has concluded. Pillsbury is expected to disclose the winning bid within a few weeks.

A sale of Godfather's would be Pillsbury's largest divestiture since it indicated plans to spin off all of its restaurant chains except Burger King, Steak and Ale, and Bennigan's.

# Marriott pens deal for Bickford's chain

WASHINGTON — Marriott Corp. has agreed to buy the 34-unit Bickford's family restaurant chain from Constar International, a manufacturer of plastic packaging, for an undisclosed amount.

The pending acquisition is in keeping with Marriott's plans to buy small regional restaurant chains and convert them to the conglomerate's Allie's all-you-can-eat buffet concept, which is scheduled to debut in June.

Bickford's is concentrated in New England.

# Shoney's operator RMS accepts $47M offer

MACON, Ga. — A group headed by members of Restaurant Management Services' management team has signed a preliminary agreement to buy the 46-unit Shoney's franchise for $11 a share in a deal valued at $47 million.

Robert Sinclair, Restaurant Management's chief executive officer and owner of a 26-percent stake in the company, is not one of the buyers, according to a Shoney's source.

Another Shoney's franchise, Shoney's South of Memphis, Tenn., was recently acquired by TPI Enterprises, a New York holding company.

Shoney's Inc., franchisor of the Shoney's coffee-shop concept, recently divulged plans to curtail the development of company stores, opening the way for licensees to accelerate their expansion.

# Eating, drinking sales slow in April to 3.3%

WASHINGTON — Retail sales at the nation's eating and drinking places slowed in April to a year-to-year growth rate of 3.3 percent, the lowest increase in 1988, according to government figures.

Non-adjusted sales dropped sharply from growth rates of 5.8 percent in March and 5.9 percent in February and were off slightly from January's 3.6-percent gain, the U.S. Commerce Department said. Sales were $12.7 billion compared with year-ago monthly sales of $12.3 billion.

# Vegetable oil is in, tallow out at Hardee's

ROCKY MOUNT, N.C. — In a nod to mounting nutritional concerns, the Hardee's fast-food chain is switching to the use of vegetable oil as the cooking medium for all its deep-fried products, including french fries.

Although many fast feeders fry their chicken products in vegetable oil rather than in beef tallow, 3,000-unit Hardee's is believed to be the first major system to cook its french fries in the lower-cholesterol medium.

Many players assert that fries cooked in animal fat have a better and stronger taste than do those fried in vegetable shortening.

# Ark assumes management of Southern Funk cafe

NEW YORK — Ark Management, an operator of several high-volume restaurants here, has assumed management of Southern Funk, a West Side cafe specializing in Tex-Mex and Cajun fare.

The 1987 Zagat guide described the 42nd Street restaurant as being "reminiscent of an old automat; you may not enter feeling funky, but you're likely to leave that way."

Ark's other places in New York include America, Ernie's, and the Big Kahuna.

# Walgreen seeks to sell freestanding Wag's units

DEERFIELD, Ill. — The Walgreen Co. has disclosed plans to sell the 87 freestanding units of its Wag's family restaurant chain to concentrate on drug store operations.

Walgreen will continue to operate 32 food-service locations for an indefinite period, the company said. Those continuing restaurant operations will include Wag's units in several Midwestern Walgreen stores, and two Robin Hood restaurants.

In fiscal 1987 the company's restaurant operations generated revenues of $119.3 million.

# Rattlesnake, Dierdorf units set for DC's Union Station

WASHINGTON — A Rattlesnake Club, patterned after Jimmy Schmidt's influential Denver restaurant of the same name, and a copy of Dierdorf & Hart's, the famous St. Louis steak house, are moving into the Union Station railroad terminal here, according to other vendors that have leased space here.

The landmark station is undergoing a $120 million renovation that entails the installation of retail outlets and several restaurants.

Also to be included is a duplication of America, the high-volume New York restaurant.

# Staley Continental accepts bid from Tate & Lyle

ROLLING MEADOWS, Ill. — After waiting in vain for a better offer, Staley Continental Inc., the distribution giant, has accepted a sweetened $36.50-a-share takeover bid from unwanted suitor Tate & Lyle P.L.C.

Tate & Lyle said it plans to sell Staley's food-service distribution and manufacturing division to recover up to $650 million of the $1.5 billion transaction. The British sugar giant plans to retain Staley's corn syrup business.

Staley had rejected Tate & Lyle's initial $32-a-share bid.

# Trump, Griffin resume Resorts Int'l feud

NEW YORK — Talks between real-estate magnate Donald Trump and entertainer Merv Griffin have broken off, ending a truce in the battle over Resorts International assets.

Under a handshake agreement, Griffin was to acquire most of Resorts' assets, with Trump keeping the lavish but unfinished Taj Mahal casino hotel in Atlantic City, N.J. Trump, who controls about 88 percent of Resorts, said he had terminated negotiations because Griffin had not proved he could obtain financing.

# New Burger King commercials add sizzle

## *Failing campaign rebounds with new creative*

**By Marilyn Alva**

LINCOLN, Neb. — After bombing with the first pool of commercials under its new "We Do It Like You Do It" campaign from N.W. Ayer, Burger King's advertising appears to have picked up steam thanks to the infusion of new creatives.

NRN Adtrack

The Nation's Restaurant News Adtrack poll showed that advertising awareness levels for Burger King jumped four percentage points in April. That was after the humorous "Backyard Fry" commercial was hastily placed on network and the Whopper versus Big Mac "Contenders" spot began running.

Meanwhile, Wendy's "Hamburger A" commercials, which initially bettered awareness for the chain, appeared to have lost steam, with consumer recognition for the chain's advertising dropping for the second straight month, to six points.

Wendy's decline in advertising awareness, meanwhile, is a sharp reversal from February's, when the introduction of its newest "Hamburger A" spots helped it gain a 3-percent point leap, to nine percentage points.

In the NRN poll SRI Research Center Inc. here asked a representative sample of 1,000 consumers across the country, "Of all the fast-food advertising that you have read, seen, or heard in the last month, which advertising first comes to mind?"

McDonald's, which spends more than twice as much on advertising as Burger King does, continued its commanding lead in advertising awareness with a 46-percentage-point score, a gain of one point from that of the previous month.

Burger King's April score, in contrast, was 16 points, a substantial increase from the 12-point ranking it received in March.

Hardee's, whose advertising awareness levels have been fluctuating by two points over the last several months, was down two points in April, to three percentage points.

Burger King's poorly received initial pool of commercials featuring a flame-broiling strategy with a backyard barbecue tasting theme was pulled from the air April 3 and has not run since, according to N.W. Ayer.

"Burger King liked 'Backyard Fry' so much they asked us to rush it on air as soon as possible," said Jack Rayher, N.W. Ayer's Burger King account supervisor.

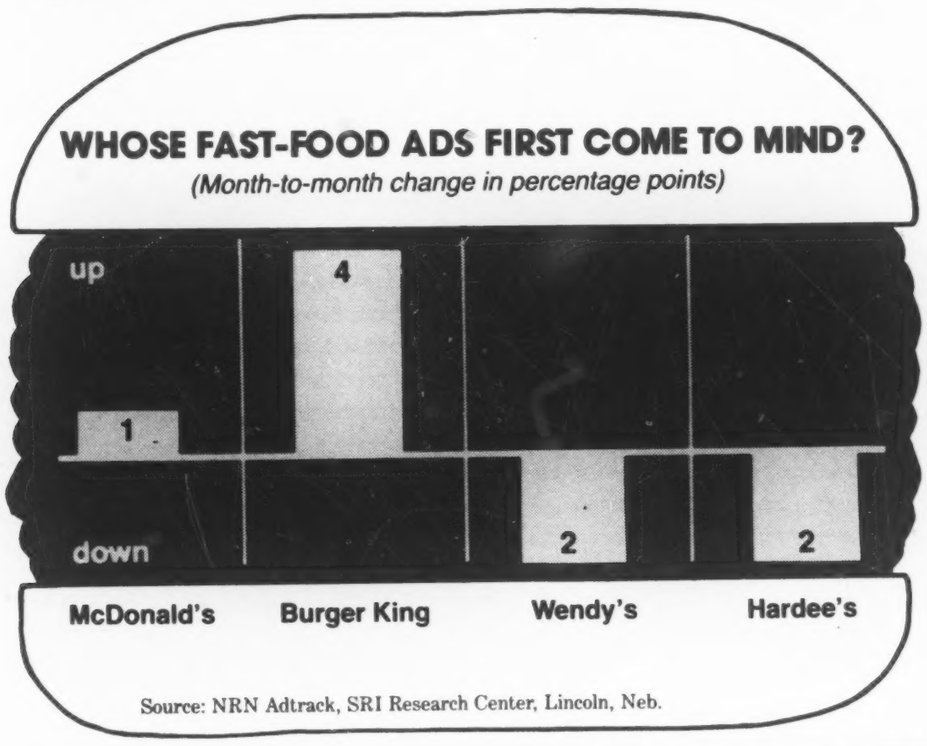
The 30-second spot shows people in varying circumstances cooking burgers in absurdly large frying pans with voice-overs saying, "Do people really like their burgers fried? Then how come everyone doesn't have backyard frying pans instead of backyard barbecue grills? How come there aren't port-o-fries for the beach? . . . tail gate fryers for the game? . . . or public frying pans? Maybe because the way you really do it is the way you like it . . . flame broiled."

Soon after, on April 4, the "Contenders" commercial was also placed into action. That spot was based on a survey revealing that three out of four people preferred the Whopper to the Big Mac because of the taste.

N.W. Ayer, which last fall replaced longtime Burger King ad agency J. Walter Thompson, recently presented another set of commercials for Burger King's approval. Meanwhile, local markets are now running various burger promotions.

In Western states Isuzu has teamed with Burger King to promote the burger chain's new Big Cheese sandwich and the auto company's new pickup truck, the Big Joe. Television ads feature Joe "the liar" Isuzu.

**Ad parodies McD's by showing people using giant fry pans.**




Source: NRN Adtrack, SRI Research Center, Lincoln, Neb.

# *Eli Schulman: host to Chicago . . . and to the world*

**By Carolyn Walkup**

CHICAGO — Eli Schulman loved working at his restaurant, Eli's the Place for Steak, so much that he rarely took a day off.

Schulman worked there up to the day he died, May 7, of an apparent heart attack at age 78.

His son, Marc, plans to continue running both the restaurant, a member of the Nation's Restaurant News Fine Dining Hall of Fame, and a retail and wholesale company that markets the restaurant's signature dessert, Eli's Chicago's Finest Cheesecake.

Eli Schulman typically worked every night at his restaurant, greeting a host of celebrities with an amiable handshake and a ready smile. A former Democratic precinct captain and deputy coroner, he felt particularly comfortable with politicians.

"Everybody who's anybody has been here," Schulman said in a recent Nation's Restaurant News interview.

In spite of attracting highbrow clientele, Schulman believed in treating guests equally, refusing to let the doorman take tips for tables. He honored reservations and made everyone adhere to his dress code.

He also offered value, including a relish dish, salad, a potato, and bread and butter with all entrées. Schulman never forgot his humble beginnings as an immigrant on the West Side and donated a large percentage of his profits to charities.

"I had every job that you can think of," he said, before opening his first restaurant, the Ogden Huddle, just before World War II. Before leaving to fulfill draft duty, he began offering discounts or free meals for servicemen, a policy continued for four years.

When he returned from the Army, he opened an uptown grill, followed by Eli's Stage Deli in the Rush Street entertainment district. The next was Eli's, the white-tablecloth restaurant he had dreamed of, in 1966, and it quickly became a favorite of local and visiting celebrities.

"I haven't changed the menu much," said Schulman, who found his customers liked it the way it was and often trusted him to order for them. Although he introduced fish and lighter items years ago, beef remains 80 percent of sales.

**Eli Schulman in a characteristic pose with the cheesecakes that made him famous.**

The most popular items are a variety of broiled steaks, whole slabs of baby back ribs, and calves' liver sautéed with onions, green peppers, and mushrooms. While many types of cheesecakes have been added, the original plain one is the top seller.

Marc Schulman called Eli's "more like a living room than a commercial restaurant." Large portraits of his two young daughters, Schulman's only grandchildren, hang prominently in the restaurant.

Other survivors are his wife, Esther, and two sisters, Bertha and Florence.

# Arby's rolls out Polar Swirl shakes

**By Karen Bruno**

ATLANTA — Arby's is extending its dessert line with Polar Swirl—five varieties of shakes made with crushed candies and cookies.

The rollout is in line with Arby's strategy to boost sales in off-meal periods by adding cookies, buns, and other snack items to the menu.

The new shakes will retail in the roast beef chain's 1,875 units for $1.49 or $1.59.

**Arby's candied shake**

Last November the chain expanded a test of in-store kiosks featuring cookies and ice cream called Arby's Flour Pot Gourmet Foods.

"We expect to have between 20 and 30 kiosks in company-owned units and 10 to 20 in franchised units by the end of the year," said Ira Herman, vice president of operations for Arby's.

The kiosks feature cinnamon buns and coffee in addition to 12 varieties of cookies.

The Polar Swirl shakes are made from Arby's existing bases of chocolate, vanilla, and jamocha. Crushed Heath Bars, Butterfinger candy bars, Oreo cookies, Snickers, or Reese's Peanut Butter Cups are added to the mixture, which is then topped with whipped cream and served in a plastic cup.

"We're using these candies and cookies because the consumer knows them," Herman said. "We may sell the shakes through the kiosks at some point.

"We expect the shakes will do well in the summer and throughout the winter in the warmer states where many of our units are located."

Food costs for the shakes are low. The cookies and candies are ground up before reaching Arby's units and then added to the shake base.

The shakes were tested for six months in Arby's home market here and in Phoenix, Ariz., and Charleston, S.C.

Product support includes TV, radio, newspaper advertising, and in-store point-of-purchase materials.

# *Temperature flexibility is the key in refrigeration systems*

Refrigeration—both refrigerators and freezers—is one of the pet peeves of many operators. It's not enough, or it's too much of one type and not enough of the other, or it's not conveniently located. The good news is that a solution is available.

No one complains about the way refrigeration operates. Every decade refrigerators and freezers have improved. Today they hold temperatures

more reliably, they're easier to clean, and the interior setups are more adaptable to the needs of the food-service operator.

You can get just about any style of refrigerator or freezer imaginable—small mobile units and huge boxes that a forklift truck can be driven into. And that includes just about any style and size in between.

You will find reach-ins and pass-throughs. Or those that take roll-in racks and space-utilizing under-counter models. You might want refrigerators and freezers with hinged doors, with half doors and with sliding doors.

You can get solid doors or see-through doors. And you can get units with drawers instead of doors.

Refrigeration systems are getting more efficient all the time. Compressors are smaller, thermostats are more reliable, insulation is more effective. You can get units with remote compressors so they don't add to your kitchen heat load.

But don't hold off buying while you wait for revolutionary breakthroughs. Manufacturers are fighting for every advance they make.

Despite those efficiencies, one of the big problems with refrigeration in the average operation is that it's not at all flexible. Unless you've got a brand-new place, you're probably dissatisfied with your refrigeration setup. After all, it was specified and installed before anyone really knew what the operation would finally turn out to be.

The menu it was planned for, the type of products it would hold, even the volume of customers that would develop, were all estimates. And conditions don't always stay the same.

But even though the basic premise might change, the refrigeration can't. Not without a lot of major remodeling in most cases. Refrigeration is nothing but highly specialized storage space.

Storage space of any kind is at a premium in the average back-of-the-house. In most operations the only way to expand refrigeration space is by putting in more outside the kitchen. But that's inconvenient for the preparation staff, which has to use the supplies stored in the new location.

When refrigeration is installed, more concern is usually voiced about its physical specifications than the possibility that it might have to be expanded. Most kitchen designers concentrate on capacity, temperature holding, the materials, and the features, such as movable shelves. All too often, little thought is given to what changes in need may occur.

In the '50s and '60s, the move from canned to frozen foods outmoded the storage capacities of tens of thousands of food-service kitchens. Many operators had freezers erected behind their buildings or in parking lots, because no space existed for frozen food storage in their kitchens or store rooms.

In the '70s, who would have anticipated the number of operations that would install salad bars? And who would have foreseen the additional refrigerator space that would require? Much of that new refrigeration space was crowded into prep rooms or stuck in back room or basement storage areas.

The continued move to "fresh"—which often means refrigerated—puts an extra burden on refrigerated space. As more operations move to fresh vegetables from frozen, from dry to freshly made pasta, to elaborate signature salads, the need may swing from frozen space to refrigerated space.

In other operations a switch to advance preparation and freezing until use may change the requirements around the other way. In either case the situation may be too much of one and not enough of the other. And little can be done with existing equipment except to add more of what you lack.

If you've got banquet business, the pinch may be even more severe. The need to prepare large quantities in advance, whether fruit cups, salads, or oven pans of entrées, calls for refrigeration space that varies according to the size and frequency of banquets.

I started out by saying a solution is available. Yes, and it's been available long enough to have been thoroughly tested in actual use. So no pioneering is involved.

The answer to the need for flexibility turned out to be simple. It's a unit that can be transformed from a refrigerator to a freezer and back at the flip of a switch plus a short period for the system to adjust to the selected temperature.

It's available from more than one manufacturer. It may be called a refrigerator-freezer or a dual-temperature unit. But be careful of systems with that last designation.

Some makers use it to refer to units that have two separate compartments, one set for cooling and one for freezing. The ones we're discussing are switchable from one temperature range to another.

With today's technology, the switchable units are in no way surprising. Freezers and refrigerators come in the same sizes. Insulation for both is the same: Highly efficient polyurethane plastic is generally used.

The principle of refrigeration is the same. The only difference is that a refrigerator normally operates in a small range above and below 38 degrees, while a freezer operates at zero. By supplying a refrigeration system capable of maintaining zero degrees plus a thermostat with two ranges, a dual temperature unit results.

*The move to 'fresh' puts an extra burden on refrigerated space. As more operations move to fresh vegetables from frozen, from dry to freshly made pasta, the need may swing from frozen space to refrigerated space.*

New York consultant J.R. Bradley says the ideal arrangement is a bank of three units. The first is a refrigerator, the second is a dual-temperature unit, and the third is a freezer. Have a heavy load of refrigerated items? Switch the middle unit to 30 degrees, and you have two refrigerators, one freezer.

A big load of frozen? Switch the middle unit to zero, and you have two freezers.

Dual-temperature refrigerator-freezers are available in a number of styles and capacities. You should be able to find a model, no matter what size you want, that will meet your needs or your future plans. The flexibility is well worth the few dollars more such a dual-temp unit will cost.

*Patt Patterson, a Nation's Restaurant News contributing editor, is the author of the Purchasing & Commodities column. Beginning with this issue, his Equipment column will alternate with Purchasing & Commodities.*

# Owners not first to the finish line in the race for restaurant salaries

WASHINGTON — If you think you could make more money by owning your own place, you might be surprised.

In 1987 restaurant owners with a median base salary of $42,000 earned $34,500 less than chairmen of the board, $13,000 less than company presidents, and $11,000 less than vice presidents of finance, according to a National Restaurant Association survey of wages and benefits.

The "Survey of Wages and Benefits for Salaried Employees and Executives in the Foodservice Industry—1987" was conducted in October and September 1987 in cooperation with accounting and consulting firm Laventhol & Horwath.

The study lists the compensation for 23 salaried and executive positions.

The data were derived from the responses of more than 1,500 food-service operators, representing 19,200 units and employing more than 763,000 workers, said Anne Papa, a National Restaurant Association representative.

**COMPENSATION FOR FOOD-SERVICE EMPLOYEES AND EXECUTIVES – 1987**

| Position | Median annual base salary | Median annual bonus* |
|---|---|---|
| Owner | $42,000 | $15,000 |
| Chairman of the board | 76,500 | 40,000 |
| President | 55,000 | 20,000 |
| VP-Operations | 45,000 | 10,000 |
| VP-Finance | 53,000 | 10,000 |
| VP-Marketing | 42,000 | 9,900 |
| VP-Personnel/Human resources | 30,000 | 6,000 |
| VP-Distribution/Purchasing | 34,000 | 6,000 |
| Treasurer | 26,000 | 10,000 |
| Controller | 32,000 | 4,000 |
| Training director | 32,000 | 6,000 |
| Food and beverage director | 30,000 | 4,650 |
| Banquet manager | 19,500 | 4,000 |
| Unit manager | 24,000 | 4,000 |
| Assistant unit manager | 18,000 | 2,000 |
| Night manager | 18,200 | 1,250 |
| Manager trainee | 15,600 | 1,200 |
| Dining room manager | 18,950 | 1,500 |
| Kitchen manager | 19,500 | 1,500 |
| Executive chef | 30,441 | 3,600 |
| Chef | 23,000 | 2,000 |
| Regional manager | 40,500 | 6,000 |
| District manager | 35,000 | 6,350 |

*Only for positions reporting annual bonus
Source: National Restaurant Association

NRN Photo

**Exterior of the remodeled Sizzler in Atlanta.**

# Sales jump at Sizzler units in Atlanta after remodeling

ATLANTA — Sizzler Restaurants International Inc. is capturing huge sales increases at two remodeled Steak Seafood Salad dinner houses in this market, area manager Roberto Ruiz said.

At the remodeled Piedmont Road location near Atlanta's Buckhead district, volume is up 73 percent. The other renovated unit, in northeastern Atlanta, is also showing impressive gains, Ruiz said. Sales overall are up 35 percent in Atlanta, where Sizzler operates 12 restaurants, Ruiz said. They are "going great," the area manager said.

A key contributor to that is the enlarged salad, pasta, taco, and tostada bar. The contemporary brass, glass, and ceramic tile concept with 100 food items was developed in Los Angeles, Ruiz said.

The make-your-own Mexican bar features a dozen taco and tostada items, including beef, beans, onions, jalapeño peppers, grated and melted cheese, guacamole, sour cream, and hot salsa. The pasta bar features Alfredo, Parmesan, and white clam sauces.

"The concept isn't new, but the new, upsized look really made a difference," Ruiz said, adding that Sizzler is breaking ground for another unit in suburban Stone Mountain.

"I think this market can hold 25 Sizzlers," noted Ruiz, who is eyeing Buckhead, Roswell, and Marietta for future units.

# FOCUS | VIEWPOINT

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# The Karcher case: much ado about little

What did chairman Carl Karcher tell his younger brother, president Donald Karcher, and when did he tell him? What did the two executives then tell 13 other members of their families?

These questions are seemingly crucial in a $1 million civil-court damage suit filed by the Securities and Exchange Commission against the two executives and members of their families. Yet we wonder whether the answers are really so earthshaking and whether the entire episode is much ado about nothing.

We have been adamant in this column that in today's era of insider trading scandals, ethics must be maintained to the highest degree and cannot be compromised. One should not underestimate the importance of integrity and character in today's business world, amid a supercharged financial atmosphere and a constant quest for more profits by public companies and their eager stockholders.

Still, in this particular case it is difficult to fathom why the charges were brought against two brothers who have set the finest example of moral integrity and dedication. They have run an unquestionably honest business throughout the 45 years that they have built Carl Karcher Enterprises from a tiny California hot-dog stand to the thriving 440-unit Carl's Jr. fast-food burger chain.

They have encountered adversity, particularly when they went public five years ago. But they have persevered through ups and downs.

What do the charges consist of? Allegedly, that just before the release of a 1984 earnings statement, with a severe earnings drop, Carl Karcher discussed the matter with Donald Karcher. Then the two purportedly mentioned the situation to their children and others in the family.

The families thus were able to sell their stock to prevent losses and thereby managed to gain a total of some $300,000, the complaint alleges.

We feel that the civil suit and the resultant publicity border on the absurd. The matter has already escalated to implied guilt by innuendo, although not one securities law violation has been proved to the slightest degree in the four-year-old case. Carl Karcher said that neither he nor his wife sold any of their stock at the time and that neither told anyone else—family members, relatives, or friends—to do so. We take him at his word.

Furthermore, is it reasonable to suggest that it is wrong for a father and children to mention earnings results along with a lot of other things that they might be discussing within the family? We believe that if any such talk occurred, it would be more indicative of a close family relationship than of any type of fraud.

Irving Einhorn, the SEC's Los Angeles director who spearheaded a three-year investigation of the matter and filed the charges, also has been a subject of innuendo. The implication is that Carl Karcher was targeted and set up—possibly by an enemy or a discontented employee.

While we do not agree with the charges filed by Einhorn, we think he is acting in good faith to uphold the law as he sees it. "We have to show people that you don't tell your brother, you don't tell your family, you don't tell your friends, you just don't do it," he declared.

We believe the government has made a mistake in ever filing such charges, in seeking civil cash penalties "for losses avoided from stock transactions," and in trying to enjoin the defendants "from future securities violations."

When one considers that Carl Karcher has been one of President Reagan's staunchest supporters since his California governor days and that the two men are good friends on a first-name basis, it is even harder to believe that the charges represent any effort to smear Karcher.

Unfortunately, the net result has been to besmirch and humiliate the brothers, who have always stood for patriotic ideals and high standards. They might have slipped a bit in judgment that one time but not in any moral or criminal sense.

Let us remember that anyone can bring charges against anyone else for anything in our democratic system, that the charges are strictly civil ones, and that the accused is presumed innocent.

In any case the Karchers can still hold their heads proudly and highly. Any possible transgression was apparently so minor that it makes the government's case ludicrous.

## LETTERS

### *Industry is the problem and solution of turnover*

Editor, NRN:

The March 14 issue had several Viewpoint articles that cried out for a response, not a response of debate or disagreement, but one of agreement and mutual concern.

David Bennett was pleading a case for the quick-service restaurant industry in regard to the dire lack of qualified, dedicated, and loyal employees. He urged restaurateurs to do a better job of recruiting, to work harder at selling the potential inherent in the position, and presumably to create in each employee a desire to be a lasting member of the company's family.

Philip Wiggle shared with us the observation that a lack of organization gives us the 12-to-16-hour-a-day manager. He described that manager as not being able to respond to questions regarding operational profit or loss, as seldom, if ever, provided with the concepts of organization, training, delegation, and goal setting. Indeed, companies who provide their managers with such training are able to avoid chapter 11 bankruptcy.

Finally, Dr. Zemelman described how his company offers advancement to everybody—from waiters to vice president—but admitted the industry is a dead-end industry. He, too, asks, How do we recruit, how do we sell our quality product and service? He referred us to the dinosaurs of the industry who think that the ability to cook is essential to knowing how to run a restaurant. I couldn't agree more.

It seems that we are confronted with the following:

How do we interest young people in our industry? How do we get them to invest their future with us? How do we retain their investment in our industry?

Since the hospitality business has roots that go back to the beginning of time, we have always known that we have run a poor second to the leaders. Why is it that we refuse to learn from those who do succeed at solving similar problems?

Why don't we glamorize what we do? Why don't we treat our people with respect? Why don't we offer them the opportunity to be proud of their contributions?

I read in our local paper not long ago that my delivery boy had won a $10,000 scholarship for college, which was nice because his sister won one five years ago.

When we hire a boy or girl to start in an entry-level job, how much attention is given that person, besides the usual training manual dogma? Does the manager assign a big brother or sister to that person? Do each of the supervisors check in with the new person and welcome him aboard, and does the manager take the time daily to see how the newcomer is doing?

Then, as the new person learns his job, is he being evaluated and coached? Work coaching is the key to newly hired employees' success and durability. If that player is in the wrong position, a coach will find a better place for him or her.

If the player needs polish, the coach will provide it. A boss will fire him and start over with the next recruit. The coach has a stronger, more durable player in a win-win situation.

Finally, how do we keep the employees investing their assets—their time—in our business? Everyone wants to see progress, everyone wants a piece of the pie, and everyone reacts accordingly.

I read in the paper not long ago that a small manufacturing firm paid its employees an annual bonus. It was derived from profits. Each employee more than doubled his wages as a result of his efforts on behalf of the firm. I wonder if that company has a very high labor turnover problem. We spend thousands, even millions of dollars, on hiring, training, and other programs. Couldn't we spend some of that money on incentive and wage programs?

Everywhere we go we hear people in the industry complaining about turnover and our loss of competence. Many are definitely concerned about where we will be in 10 years. I agree with Zemelman, Wiggle, and Bennett. We have a serious problem, but just as we are the reason for it, we are the only solution.

The solution does not come from the other guy because the person who wakes up and figures out how to attract the best, develop a dedicated staff, and share a piece of the pie will not have to worry about the future. His staff will be doing it for him.

—**Calvin C. Ford**
Caring Food Service Inc.
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